Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 1726 H.D. 2

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1726, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to treat real estate investment trusts and income derived from such trusts in the same manner as other corporate taxpayers and income by amending the corporation income tax to tax real estate investment trusts without regard to the federal deduction for dividends paid.

The Hawai'i Appleseed Center for Law and Economic Justice testified in support of this measure. The National Association of Real Estate Investment Trusts, Inc., and Taubman Centers testified in opposition to this measure. The Department of Taxation and Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1726, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1726, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Finance,

SYLVIA LUKE, Chair

State of Hawaii House of Representatives The Twenty-seventh Legislature

Record of Votes of the Committee on Finance

HB 1726, HD1	CPC, FIN			2/25/2014		
☐ The committee is reconsidering its previous decision on the measure.						
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)						
FIN Members		Ayes	Ayes (W)	R)	Nays	Excused
1. LUKE, Sylvia (C)						
2. NISHIMOTO, Scott Y. (VC)	Alimpalas VVIII Walso Sinki NASS			- Consulta	11.5° N. Thuis B. J. Softer C. Ph. S.	
3. JOHANSON, Aaron Ling (VC)						
4. CULLEN, Ty J.K.						
5. HASHEM, Mark J.						
6. ING, Kaniela				Viliai v. 1841		
7. JORDAN, Jo 8. KOBAYASHI, Bertrand			Marie Delega			
9. LOWEN, Nicole E.						
10. MORIKAWA, Dee					· R · · · · · · · · · · · · · · · · · ·	
11. ONISHI, Richard H.K.						
12. TAKAYAMA, Gregg	2000 N			Service Country Country	san waters on 1, 25 Aprophis	194 Antoning (Marie 1970) W. A. Derrett, 44. J. Ali, 25a, V. Santoninano.
13. TOKIOKA, James Kunane						
14. WOODSON, Justin H.						
15. YAMASHITA, Kyle T.				4 14		
16. FUKUMOTO, Beth	1.48 . 330 Done 9 300 from 1 000 1 0					
17. WARD, Gene						
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TOTAL (17)		1/	1			
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The recommendation is: Adopted Not Adopted If joint referral, did not support recommendation. committee acronym(s)						
Vice Chair's or designee's signature:						
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO						